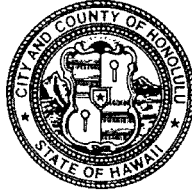


DEPARTMENT OF BUDGET AND FISCAL SERVICES  
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DEPUTY DIRECTOR

January 22, 2013

The Honorable Ann H. Kobayashi, Chair  
Committee on Budget  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

RECEIVED  
CITY CLERK  
C & C OF HONOLULU  
2013 JAN 23 AM 8:17

Dear Chair Kobayashi:

Subject: Bill 29 (2011), Relating to Rental Fees for the Mission Memorial Building Complex

In accordance with ROH 1-2.4, action must be taken on a bill within two years of its introduction. We understand that with regards to Bill 29, time is of the essence since it was introduced on March 10, 2011. However, we request that Bill 29 be deferred at this time to allow the new administration to consider all of the issues related to rental of the Mission Memorial Building complex. Upon completion of the analysis, the administration is willing to draft a new bill to submit to Council.

The following provides a general overview on Bill 29 (2011) relating to rental fees for the Mission Memorial Building complex:

**MISSION MEMORIAL BUILDING COMPLEX**

The Mission Memorial Building Complex consists of the three red-brick, Neo-classical buildings located in the Honolulu Civic Center. Two of the buildings are currently being used for office space by the Department of Customer Services, the Mayor's Office of Culture and the Arts (MOCA), and the Neighborhood Commission. The Mission Memorial Auditorium (MMA) and the small conference room in the building across from the Auditorium are the only spaces available for rental.

**EXISTING USE OF THE MISSION MEMORIAL AUDITORIUM**

The MOCA staff currently coordinates the scheduling of the use of the MMA and the small conference room. More than half of the requests to use the MMA are from the City and other governmental agencies such as the federal government for its naturalization ceremony, the Honolulu Police Department promotion ceremony and service awards, and school activities. The consistent users of the MMA are the City's Department of Human Resources and the

Honolulu Police Department. It is also open for use by nonprofit organizations charitable in nature with events emphasizing the performing arts and open to the public without charge. No private parties such as weddings, graduations, or birthdays are permitted in the Auditorium. In 2012, there were a total of 74 events that included 47 City government events, 2 State government events, 9 federal government events, and 16 non-profit organization events.

### **BUILDING LIMITATIONS OF THE MISSION MEMORIAL AUDITORIUM**

Some of the building limitations include the following:

- The stage is very small in size and there is no dressing room space in the MMA.
- The floor in the MMA is hardwood laminated. It costs approximately \$3,000 per year to clean the chairs, flooring and building gutters. To prevent damage to the flooring, food and drinks are not permitted in the MMA.
- The restrooms are located in the building across from the MMA.
- There is no separate electrical submeter for the MMA. The City would have to read the power consumed and calculate the electrical usage costs. In addition, the air conditioning for the MMA comes from the main air conditioning system at Honolulu Hale. The use of the MMA during non-business hours would require the main air conditioning system at Honolulu Hale to remain on at least one-half hour prior to the event and during the use of the MMA.

### **ADDITIONAL EXPENSES**

Increasing the use of the MMA will require additional City staffing to coordinate and manage the use of the MMA and the City's municipal parking lot, including overseeing the use on the weekends and holidays, and having staff present during all the events. It will also increase the City's exposure to liability, and the wear and tear and maintenance of the facilities. Because the use of the MMA has been restricted to government agencies and nonprofit organizations without charge, we are uncertain of the demand and the revenue/expense analysis in renting the MMA. The predominant use of the MMA by the City and other governmental agencies may create scheduling conflicts with the private rental uses. In addition to the rental fees, all charges including charges for garbage, trash pickup, security, and electrical costs will need to be recovered by the City.

### **ISSUES THAT NEED TO BE ADDRESSED**

We would also like to point out the following that need to be addressed:

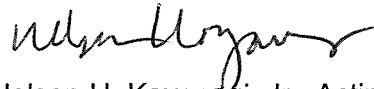
- If Article 11 of Chapter 28, Lease and Rental of City Property, Including Fees, Revised Ordinances of Honolulu, 1990, as amended (ROH), is used, then the reference to "grounds, excluding the City Hall Annex" must be amended to address the new situation. Due to the fact that some of the provisions in Article 11 were to address First Amendment issues on City Hall grounds, those provisions may hinder the easy application of this Article to a building, because fees cannot be assessed by the permit holder for access to the building under ROH Section 28-11.3. The definition section and other parts referring to the exclusion of the City Hall Annex must be amended. Further, one term either "City Hall Annex" or "Mission Memorial Building", "Mission Memorial Auditorium" and

Mission Memorial Annex" should be chosen and used in Article 11. As proposed, both terms are in the same Article. This situation may hamper the development of appropriate administrative rules and regulations.

- The use of Article 11. Lease and Permit Policy for the Grounds of City Hall and the Honolulu Municipal Building may not be the proper ordinance section for this building rental provision. The rental of the space in the Mission Memorial Building Complex may be better placed in Articles 6 and 7, pertaining to the leasing and rental of the Neal S. Blaisdell Center or Waikiki Shell, or added as a separate new article. Additional time to evaluate this by the new Administration will be needed.
- ROH Chapter 28, Lease and Rental of City Property, Including Fees requires a bidding process unless an exception to the bidding requirement is created. This cannot be addressed by administrative rules and regulations.

Should you have any questions, please contact me at 768-3901.

Sincerely,



Nelson H. Koyanagi, Jr., Acting Director  
Department of Budget and Fiscal Services

NHK:dm

Approved:



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Ember Lee Shinn  
Managing Director Designate